

**NOTICE OF INTENT TO ADOPT A PROPOSED
RULE TO THE GEORGIA STATE BOARD OF ACCOUNTANCY
RULE 20-7-.02, "Firm Ownership."
AND NOTICE OF PUBLIC HEARING**

TO ALL INTERESTED PARTIES:

Notice is hereby given that pursuant to the authority set forth below, the Georgia State Board of Accountancy (hereinafter "Board") proposes to adopt a new rule, Rule 20-7-.02, "Firm Ownership," (herein after "proposed rule amendment"). The Board voted to post this notice of adoption at a meeting on February 25th, 2008. The proposed rule details the requirements for ownership of accounting firms. This notice, together with an exact copy of the proposed rule amendment and a synopsis of the proposed rule amendment, is being mailed to all persons who have requested, in writing, that they be placed on a mailing list. A copy of this notice, an exact copy of the proposed rule amendment, and a synopsis of the proposed rule amendment may be reviewed during normal business hours of 8:00 A.M. to 5:00 P.M., Monday through Friday, except official State holidays, at the Office of the Secretary of State, Professional Licensing Boards Division, 237 Coliseum Drive, Macon, Georgia 31217. Copies may also be requested by contacting the Board office at (478) 207-2440.

A public hearing will be held at 10:00 a.m. May 11th, 2009 at the Secretary of State's Professional Licensing Boards Division, 237 Coliseum Drive in Macon, Georgia 31217 to provide the public an opportunity to comment upon and provide input into the proposed rule amendment.

At the public hearing anyone may present data, make a statement, comment or offer a viewpoint or argument whether orally or in writing. Lengthy statements or statements of a considerable technical or economic nature, as well as previously recorded messages, must be submitted for official record. Oral statements should be presented in writing. Written comments are welcome. Such written comments must be legible and signed, should contain contact information from the maker (address, telephone number and/or facsimile number, etc.) and be actually received in the office prior to the close of business (5:00 P.M.) on May 5th, 2009. Written comments should be addressed to Randall D. Vaughn, Division Director, Secretary of State, Professional Licensing Boards Division, Georgia State Board of Accountancy, 237 Coliseum Drive, Macon, Georgia 31217. Telephone (478) 207-2440 or fax (866) 888-9718.

The Board will consider the proposed rule amendment for adoption at a meeting scheduled to begin at 10:00 a.m. on June 10th, 2009 at the Secretary of State's Professional Licensing Boards Division, 237 Coliseum Drive in Macon, Georgia 31217. According to the Department of Law, State of Georgia, the Georgia State Board of Accountancy has the authority to adopt a proposed rule amendment to Rule 20-12-.16 pursuant to authority contained in O.C.G.A. §§ 43-1-4, 43-1-7, 43-1-19, 43-3-2, 43-3-5, 43-3-21, 43-3-23, 43-3-29, 43-3-29.1, and 43-3-35.

At its meeting on February 25th, 2009 the Georgia State Board of Accountancy voted that the formulation and adoption of this rule does not impose excessive regulatory cost on any licensee and any cost to comply with the proposed rule cannot be reduced by a less expensive alternative that fully accomplishes the objectives of O.C.G.A. §§ 43-1-4, 43-1-7, 43-1-19, 43-3-2, 43-3-5, 43-3-21, 43-3-23, 43-3-29, 43-3-29.1, and 43-3-35. Additionally, at the meeting, the Board voted that it was legal and feasible to meet the objectives of O.C.G.A. §§ 43-1-4, 43-1-7, 43-1-19, 43-3-2, 43-3-5, 43-3-21, 43-3-23, 43-3-29, 43-3-29.1, and 43-3-35 to adopt or implement differing actions for businesses as listed in O.C.G.A. § 50-13-4(a)(3)(A), (B), (C) and (D). The formulation and adoption of these rules will impact every licensee in the same manner and each licensee is independently licensed in the field of Accountancy.

For further information, contact the Board office at (478) 207-2440.

This notice is given in compliance with O.C.G.A. § 50-13-4.

This 6th day of April, 2009.

Randall D. Vaughn
Division Director
Professional Licensing Boards Division

Posted: April 6, 2009

**SYNOPSIS OF PROPOSED AMENDMENT TO THE
GEORGIA STATE BOARD OF ACCOUNTANCY RULES
RULE 20-7-.02, “Firm Ownership.”**

PURPOSE: The purpose of this rule is to establish the rules of CPA Firm ownership

MAIN FEATURES: This is a new rule detailing ownership of CPA firms.

**DIFFERENCES BETWEEN THE EXISTING RULE AND THE PROPOSED
AMENDMENTS TO THE GEORGIA STATE BOARD OF ACCOUNTANCY
RULE 20-7-.02, “Firm Ownership.”**

NOTE: Underlined text is proposed to be added; lined through text is proposed to be deleted.

20-7-.02 Firm Ownership

(1) A firm in which a simple majority of the financial interest and voting rights are owned by certified public accountants of some state in good standing may register in accordance with this chapter if all of the following conditions are met:

(a) Minimum Required Information: The firm must provide the following information:

1. The name, full business address, and telephone number;

2. All trade or business names used by the licensee;

3. The designated holder of a live permit, or in the case of a firm which must register pursuant to code section 43-3-21(b)(1)(C), a licensee of another state who meets the requirements for substantial equivalency practice privilege provided by code section 43-24(b) who shall be responsible for the proper registration of the firm;

4. The name, address and licensure status of the resident manager;

5. The type of ownership or operations (i.e., partnership, corporation, or sole proprietorship); and

6. The name(s) of the owners, including whether they are a CPA or Non-CPA owner, the states of licensure, the status of any license previously and currently held, and including:

a) If a person, the name of the person;

b) If a partnership, the name of each partner, and the name of the partnership;

c) If a corporation, the name and title of each corporate officer and director, the corporate names, and the name of the incorporation; and the name of the parent company, if any, and the names of all members/shareholders of the corporation and parent company; and

d) If a sole proprietorship, the full name of the sole proprietorship and the name of the business entity.

(b) The Board will consider the following factors in determining eligibility for firm licensure:

1. Non-CPA owners of the firm must be natural persons. 'Non-CPA owner' shall refer to the natural persons owning interests in such general partnerships or limited liability partnerships or other legal entities.

2. The Non-CPA owners must participate in the business of the firm consisting of providing services to or on behalf of the firm, or a related entity of the firm and the Non-CPA owners cannot be solely or predominately a passive investor in the firm.

3. All owners must be of good moral character (for purposes of this rule, "good moral character" means fiscal integrity and a lack of any history of acts involving dishonesty or moral turpitude).

4. Persons now holding live permits or certificates from this state or any other state shall not be designated as non-CPA owners. Persons with expired licenses will be counted as a Non-CPA for purposes of determining the percentage of financial interests and voting rights in the firm owned by CPAs.

5. Previous disciplinary action against an owner by this state or any other state, including the denial of registration for reasons other than failure to meet the age, education, examination or experience requirements for initial licensure, shall be considered as grounds for the denial of a registration.

6. Any felony convictions or convictions of crimes of moral turpitude under Georgia law, federal law or the laws of other states of the owners.

7. The suspension or revocation by Federal, State, or local government of any license, practice privilege or the right to practice before a state or federal agency of the firms or its owner.

8. Compliance with licensing requirements under previously granted licenses, if any.

9. Any other factors or qualifications the Board considers relevant to and consistent with the public health and safety.

(2) A firm granted a license in Georgia must comply with the minimum standard of practice, including, but not limited to the following standards of practice:

(a) Non-CPA owners' names may be listed on firm stationery provided that if Non-CPA owners are designated as partners, shareholders, or members then all CPA owners must also be so designated.

(b) Non-CPA owners may not be listed in any advertisement under the heading Certified Public Accountants.

(c) Membership in accounting organizations or their logos may not be used on CPA firm stationery, business cards, or advertising materials unless all eligible partners are members of the organization and have attained the certification or designation indicated by the logo.

(d) A Non-CPA owner may not be designated as the resident manager of an office of the firm.

(e) A Non-CPA owner may not be the chief executive officer of a firm located in or doing business in this state.

(f) A person who owns a voting equity interest in a firm may not delegate by proxy or otherwise, the duty to exercise any voting rights to a person that does not qualify as owner under the laws and rules of the State of Georgia.

(g) A Non-CPA owner who becomes disqualified from ownership must dispose of his entire interest in the firm to a qualified owner within 60 days of the date of disqualification.

(h) Owners who are certified public accountants and whose principal place of business is in this state and who perform accounting services in this state must hold a live permit from this state.

(i) Changes in any information from the application shall be submitted to the Board within 30 days of such change, including, but not limited to, changes in business organization, changes in ownership, changes in business location, and changes in resident manager.

Authority O.C.G.A. Secs. 43-1-4, 43-1-7, 43-1-19, 43-3-2, 43-3-5, 43-3-21, 43-3-23, 43-3-29, 43-3-29.1, and 43-3-35.